

STATE OF WISCONSIN

SENATE CHAIR
MARK MILLER

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-9170



ASSEMBLY CHAIR
MARK POCAN

309 East, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: (608) 266-8570

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Mark Miller
Representative Mark Pocan

Date: November 17, 2009

Re: State of Wisconsin Investment Board Quarterly Report

Attached is a report on expenses that were charged directly to funds managed by the State of Wisconsin Investment Board (SWIB), pursuant to s. 25.17(13m), Stats.

As required by s. 25.17(13m) attached is a report by (SWIB) on all expenses that were charged directly to funds managed by (SWIB) during the quarter ending September 30, 2009. In addition to the expenses charged to the funds, the report also contains a comparison of assets managed internally and externally for the past four quarters

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

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BY: St. Finance

November 13, 2009

Senator Mark Miller, Co-Chair
Joint Committee on Finance
P.O. Box 7882
Madison WI 53707-7882

Representative Mark Pocan, Co-Chair
Joint Committee on Finance
P.O. Box 8952
Madison WI 53708-8952

Senator Kathleen Vinehout, Co-Chair
Joint Committee on Audit
P.O. Box 7882
Madison WI 53707-7882

Representative Peter Barca, Co-Chair
Joint Committee on Audit
P.O. Box 8952
Madison WI 53708-8952

Mr. Michael Morgan, Secretary
Department of Administration
101 East Wilson Street
P.O. Box 7864
Madison, WI 53707-7864

Dear Senator Miller, Senator Vinehout, Representative Pocan, Representative Barca and Secretary Morgan:

As required by Section 25.17 (13m), I have attached our quarterly report listing all expenses that were charged directly to funds managed by the State of Wisconsin Investment Board (SWIB or the Board) during the quarter ending September 30, 2009. In addition to the expenses charged to the funds, the report also contains a comparison of assets managed internally and externally for the past four quarters.

The statutes authorize the Board to employ special legal or investment counsel in any matter arising from the scope of our investment authority and to employ professionals, contractors or agents to evaluate or operate any property in which the Board has an interest. The Board may also contract with external advisers to manage various types of investments. Expenses for these services are directly charged to the current income of the fund for which the services were furnished.

This report lists expenses on an accrual basis – when the costs were incurred rather than paid. Providing the information on an accrual basis gives a better picture of quarter to quarter trends in services that are directly charged to the funds. A negative charge typically indicates an adjustment to expenses accrued in a prior quarter or a refund of expenses that were prepaid and subsequently adjusted.

The following highlights changes from the previous quarter:

- External public market management fees increased approximately \$2.3 million during the quarter, primarily due to a continued upswing in the public financial markets. External manager fees, which are based on assets under management, increase as the assets under management rise. However, as shown in Appendix D, the overall percent

of assets managed externally actually declined in the third quarter as SWIB continued to move assets from external to internal management.

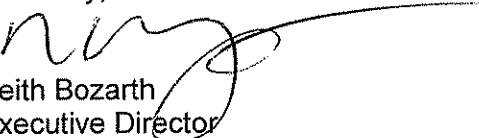
- Private equity management fees decreased approximately \$0.5 million from the prior quarter, while real estate fees increased nearly 10% or \$0.8 million during the same period. The real estate increase was due primarily to funding one limited partnership. Although fees have been trending upward in the past year because SWIB has committed more assets to private equity, the decrease in the third quarter fees reflects fewer new transactions during the quarter. Both private equity and real estate costs are best viewed over the long term as accruals, commitments and payments often vary significantly from one quarter to another.
- Overall, investment consulting and market research services increased by a net \$121,000 from the prior quarter. In part, this reflects added costs to provide services for new positions as well as changes in staff responsibilities. Quarterly custodial fees paid to BNY Mellon are approximately \$150,000. However, the fees were under accrued by one month during the third quarter, which accounts for the 42% change from the prior quarter.

Attachment A lists all expenses by category. Attachment B provides further explanation about the various expenditure categories. Attachment C includes legal expenses that were capitalized at the time of acquisition or directly associated with the ongoing activity of an asset, such as appraisals or bankruptcy costs. Unlike other expenses listed in this report, these expenses are reflected in the value of the asset or are netted against gross returns of the asset, consistent with standard industry practices.

Attachment D shows the amount and percent of Wisconsin Retirement System (WRS) assets managed internally and externally over the last four quarters. For the ninth consecutive quarter, the percentage of total assets managed internally increased. At the end of the third quarter 2009, SWIB was managing 40.9% of assets internally compared to 20.7% at the end of 2007. The increase in internal management, which is less costly than external management, was possible after SWIB received increased staff and budget authority in 2007 and 2008.

We hope this report gives you a clear picture of expenditures and how funds are managed. Please contact me, however, if you have any questions or comments about the report.

Sincerely,



Keith Bozarth
Executive Director

Attachments

cc: Members, Joint Committee on Finance
Members, Joint Committee on Audit
Robert Lang, Legislative Fiscal Bureau
Janice Mueller, Legislative Audit Bureau

STATE OF WISCONSIN INVESTMENT BOARD
Direct Charges to All Funds Under Management - Accrual Basis
Quarter Ending September 30, 2009

Charge Category	Service Provided	Charges
Custodial and Banking Fees		
Bankers' Bank	Wisconsin CD Program	\$2,500
BNY Mellon	Master Custody Services	91,875
US Bank	State Banking Services	116
Total Custodial and Banking Fees		\$94,491
Legal Fees, Services and Expenses		
Foley & Lardner	Private Markets Investment Transactions	22,602
Total Legal Fees, Services and Expenses		\$22,602
Investment Counsel		
Abel/Noser Corp.	Trade Analysis	26,667
BCA Publications	Global & Domestic Fixed Income Strategy Research	22,468
BioCentury Publications	Biotech Stock News	1,181
Bloomberg, LP	Market, Company, Industry & Benchmark Information	414,083
BNY Mellon	Eagle Pace Implementation	109,767
CanDeal.ca Inc.	Canadian Government Bond Trading Service	1,050
CEM Benchmarking Inc.	Comparative Cost Analysis	20,000
Charles River Systems, Inc.	Portfolio Management Software	55,994
Cliffwater LLC	Hedge Fund Investment Consulting	31,989
Connexiti LLC	Supply Chain Data	5,000
Council of Institutional Investors	Corporate Governance	7,500
Courtland Partners	Performance Monitor Reporting	71,250
Covenant Review, LLC	Corporate Bond Research	8,751
Credit Sights	Credit Assessments	18,750
Cutter Associates	Trading Room Consultant	22,275
Data Broadcasting Corporation - CMS Bond Edge	Pricing Service	11,445
Data Explorers Limited	Securities Lending Analysis	3,570
Davis Mendel & Regenstein, Inc.	Online Investment Reports	11,250
Dominion Bond Rating Service (DBRS)	Credit Ratings & Research Reports for Corporate Bond Issuers	1,143
Dow Jones & Co	Company and Industry News Service	13,110
Ennis, Knupp & Associates	Fiduciary & Governance Consulting	46,250
Factset Data Systems	Financial & Economic Database	98,129
Financial Tools, Inc.	Financial Statement Spreadsheet Software License	324
FX Alliance LLC	Electronic Platform for Trading Foreign Currencies	4,626
Gartner, Inc.	Tech Sector Specific Research	10,000
Gimme Credit	Credit Research	4,938
Hamilton Lane Advisors, LLC	Private Equity Consulting/Reporting Services	337,500
Haver Analytics	Global Macroeconomic Research	16,899
iMoneyNet, Inc	Money Market Fund Database	13,138
Institutional Investor	Global Fixed Income Institute Membership	7,501
Interfaith Center On Corporate Responsibility	Social Investing Research	998

Charge Category	Service Provided	Charges
International Strategy & Investment Group Inc.	Economic Research and Analysis	(93,752)
Investor Responsibility & Support Services, Inc	Securities Class Action Support	8,751
Lombard Street Research	Global Economic Analysis	16,263
London Stock Exchange PLC	London Stock Exchange Data	8,323
Maria Fiorini Ramirez	Economic Analysis	1,200
Market Axess Corporation	Bond and Yield Pricing	1,050
McLagan Partners	Compensation Comparison	9,562
Moody's Analytics, Inc.	Economic, Currency & Bond Analysis	31,169
Moody's Investor Service	Corporate Bond Credit Quality Screening	5,835
Morgan Stanley Capital International	Developed Markets Security Data	27,620
Morningstar, Inc.	Benchmark & Performance Data	154
Morningstar, Inc.	Historical Return Analysis	375
New York Stock Exchange	New York Stock Exchange Data	7,789
Peter L. Bernstein	Economic & Portfolio Strategy	(125)
Property & Portfolio Research	Real Estate Consulting & Electronic Services	27,500
QTI Professional Staffing, Inc	Investment Staff Recruitment Consulting	33,555
Quantitative Services Group LLC	Access to Quantitative Data	23,127
Reuters America Inc.	News, Economic & Company Research & Analytics	21,998
RiskMetrics Group	Proxy Voting Analysis	42,274
Russell Investment Group	Index Data Feeds	8,750
Salomon Analytics Yield Book	Fixed Income Portfolio Risk & Optimization Modeling/Analysis	18,750
SNL Financial	Customized Analysis of Bank Investments	10,975
Standard & Poor's	Industry & Corporate Research	74,400
StepStone Group LLC	Private Equity consultant	43,750
Strategic Economic Decisions	Research Reports	6,249
Strategic Investment Solutions, Inc.	Asset Allocation & Benchmark Consulting	70,000
StreetAccount LLC	Tracks Portfolio and Historical Information	708
Telsey Advisory Group	Consumer Sector Research	31,251
The Corporate Library	Proxy Voting Research Data	4,626
The Info Project, Inc	Technology Sector Research	3,334
The Markets.com	Detailed Research Service	6,000
Thomas Clarkson	Investment Consulting - Fixed Income	4,943
Thomson Financial Services	Electronic Research Pricing (Autex, StreetEvents, FirstCall)	73,605
Toronto Stock Exchange	Market Data/Traders	1,696
Trade Web	On-Line Fixed Income Trading Service	7,800
US Bank	Replacement Check Fee	60
Wall Street Prep	Financial and Valuation Modeling	435
Wilshire Associates	Performance Measurement, Portfolio Management & Analytics	113,000
World Bank Publications	Historical Emerging Market Countries Macroeconomic Data	191
Total Investment Counsel		\$2,050,736

Real Estate Investment Management Services

Apollo Advisors	Real Estate Management Services	24,835
Archstone - Smith Trust	Real Estate Management Services	207,226
Berkshire Property Advisors, LLC	Real Estate Management Services	366,398
Blackstone Management Partners VI LLC	Real Estate Management Services	562,500
Bristol Group, Inc.	Real Estate Management Services	51,660
BVP Managers, LLC	Real Estate Management Services	375,000
Callahan Capital	Real Estate Management Services	355,611

Charge Category	Service Provided	Charges
Capital Trust	Real Estate Management Services	437,134
Centerline Capital Group	Real Estate Management Services	187,500
Cornerstone Real Estate Advisors	Real Estate Management Services	205,101
Essex VFGP	Real Estate Management Services	125,000
Fortress Investment Corp.	Real Estate Management Services	1,196,198
Goldman Sachs & Co.	Real Estate Management Services	82,342
Guggenheim Structured Real Estate Advisors, LLC	Real Estate Management Services	74,489
Hawkeye Partners LP	Real Estate Management Services	106,861
Heitman Capital Management Corp.	Real Estate Management Services	32,178
Henderson Global Investors (North America) Inc.	Real Estate Management Services	291,926
Hudson Advisors	Real Estate Management Services	481,802
Invesco Realty Advisors, Inc.	Real Estate Management Services	2,308
JP Morgan Investment Management	Real Estate Management Services	1,093,298
Kensington Realty Advisors	Real Estate Management Services	79,458
Koll Bren Realty Advisors	Real Estate Management Services	19,376
KTR Capital Partners	Real Estate Management Services	183,789
Landmark Realty Advisors	Real Estate Management Services	13,854
Lazard Freres	Real Estate Management Services	87,758
Lowes Structured Real Estate	Real Estate Management Services	113,636
Mesa West Capital LLC	Real Estate Management Services	409,550
MMA Realty Capital	Real Estate Management Services	2,794
Morgan Stanley	Real Estate Management Services	164,057
Northwestern Mutual Life	Real Estate Management Services	7,849
Prudential (senior housing)	Real Estate Management Services	126,968
Rockpoint Group LLC	Real Estate Management Services	382,038
Rockspring Property Investment Managers	Real Estate Management Services	82,153
RREEF	Real Estate Management Services	463,571
Security Capital	Real Estate Management Services	125,744
Sentinel Realty Advisors Corp.	Real Estate Management Services	177,489
Westbrook Real Estate	Real Estate Management Services	409,428
Total Real Estate Investment Management Services*		\$9,108,878

Private Equity Management

3I Europe Investment Partners	Private Equity Management	32,000
ACI Capital Investors II	Private Equity Management	245,200
Advent International GPE VI, L.P.	Private Equity Management	198,600
Alchemy Partners	Private Equity Management	76,800
Alta Communications IX, LP	Private Equity Management	174,100
American Securities Opportunities Fund, LP	Private Equity Management	117,400
American Securities Partners V, L.P.	Private Equity Management	386,200
Ampersand Ltd Partnership	Private Equity Management	54,300
Apollo European Principal Finance Fund, L.P.	Private Equity Management	425,100
Apollo Investment Fund IV LP	Private Equity Management	9,600
Apollo Investment Fund VII, L.P.	Private Equity Management	510,500
Ares Corporate Opportunities Fund II, LP	Private Equity Management	107,600
Ares Corporate Opportunities Fund III, L.P.	Private Equity Management	375,000
Ares Corporate Opportunities Fund, LP	Private Equity Management	55,100
Asia Recovery Fund	Private Equity Management	23,700
Avenue Europe Special Situations Fund, L.P.	Private Equity Management	269,700

Charge Category	Service Provided	Charges
Avenue Special Situations Fund V, L.P.	Private Equity Management	281,300
Baird Venture Partners	Private Equity Management	79,700
Baird Venture Partners III	Private Equity Management	156,300
Bear Stearns	Private Equity Management	70,800
Bear Stearns Merchant Capital	Private Equity Management	320,200
Birch Hill Equity II	Private Equity Management	28,800
Blackstone Management Partners V LLC	Private Equity Management	325,100
Boston Millennia	Private Equity Management	92,700
Bridgepoint Europe III A LP	Private Equity Management	228,700
Bridgepoint Europe IV, L.P.	Private Equity Management	401,200
Capital International Global	Private Equity Management	11,600
Capital Res Partners IV LP	Private Equity Management	50,100
Capital Resource Lenders III	Private Equity Management	9,000
Carlyle Asia Ltd.	Private Equity Management	39,800
Carlyle Partners IV, LP	Private Equity Management	77,800
Carlyle Partners V, L.P.	Private Equity Management	296,100
Cerberus Institutional Partners LP	Private Equity Management	370,000
Charterhouse	Private Equity Management	38,500
Charterhouse Capital Partners IX, L.P.	Private Equity Management	489,100
Charterhouse VIII	Private Equity Management	143,300
Clessidra Capital Partners II	Private Equity Management	(77,800)
Coller International	Private Equity Management	65,700
Coller International V LP	Private Equity Management	186,000
CVC European Equity Partners Tandem Fund	Private Equity Management	179,400
CVC European Equity Partners V, L.P.	Private Equity Management	449,000
Cypress Advisors, LP	Private Equity Management	40,000
DAG Ventures IV, LP	Private Equity Management	188,700
Doll Technology Invt Fd II LP	Private Equity Management	15,000
EI Dorado Ventures	Private Equity Management	168,800
EQT V, L.P.	Private Equity Management	200,800
Essex Woodlands Hlth Venture V	Private Equity Management	82,000
FFC Partners II, LP	Private Equity Management	57,400
Fortress Invest Fund II LLC	Private Equity Management	5,400
Fortress Invest Fund IV (Coinvestment Fund A) LP	Private Equity Management	89,600
Fortress Invest Fund IV (Fund A) LP	Private Equity Management	113,900
Fortress RIC	Private Equity Management	13,800
Fortress V	Private Equity Management	200,000
Fortress V Coinvestment	Private Equity Management	69,100
Frazier	Private Equity Management	252,400
Friedman Fleischer & Lowe Capital Partners III, L.P.	Private Equity Management	(9,000)
Gores Capital Partners II, LP	Private Equity Management	75,000
Graphite	Private Equity Management	385,800
Green Equity Partners V	Private Equity Management	347,300
GS Special Opptys Asia Fd LP	Private Equity Management	8,000
GTCR	Private Equity Management	234,100
Hamilton Lane Co-Investment Fund II, L.P.	Private Equity Management	125,000
Harbourvest International	Private Equity Management	125,200
Hellman & Friedman Capital VI	Private Equity Management	281,300

Charge Category	Service Provided	Charges
IGP II	Private Equity Management	(14,200)
Insight Equity II, L.P.	Private Equity Management	225,000
Insight Equity Mezzanine I, L.P.	Private Equity Management	56,300
Kelso Investment VII LP	Private Equity Management	55,200
Kelso VIII	Private Equity Management	375,000
KKR 2006 Fund LP	Private Equity Management	621,500
KKR European Fund III, L.P.	Private Equity Management	404,100
KKR European II	Private Equity Management	167,700
Kohlberg Investors VI, LP	Private Equity Management	233,400
Kohlberg Kravis Roberts & CO	Private Equity Management	24,400
KRG Capital Fund IV - A, L.P.	Private Equity Management	56,400
KRG Capital Fund IV, L.P.	Private Equity Management	281,900
Lake Pacific I Gladson, LLC	Private Equity Management	110,000
Lake Pacific Partners, LLC	Private Equity Management	110,000
Lindsay Goldberg and Bessemer II	Private Equity Management	240,500
Lindsay Goldberg III, LP	Private Equity Management	433,100
Lone Star Fund IV LP	Private Equity Management	12,400
Lone Star Fund VI	Private Equity Management	312,500
Mason Wells Partners I, LLC	Private Equity Management	74,600
Mayfield XI LP	Private Equity Management	32,700
Montreux Equity Partners IV, L.P.	Private Equity Management	77,300
New Mountain Partners III, L.P.	Private Equity Management	369,400
Northwestern Mutual Capital Mezzanine Fund I, L.P.	Private Equity Management	234,100
Oak Investment Partners XII, LP	Private Equity Management	200,000
OCM Opportunities Fund VII	Private Equity Management	157,300
OCM Opportunities Fund VIIb, L.P.	Private Equity Management	243,500
Old Lane India Opportunities Fund-T, LP	Private Equity Management	90,400
Peninsula Fund IV LP	Private Equity Management	250,000
Penninsula Fund	Private Equity Management	80,800
Pomona Capital	Private Equity Management	125,500
Pomona Capital VII, L.P.	Private Equity Management	362,000
Providence Equity Partners VI, LP	Private Equity Management	346,800
Providence TMT Special Situations Fund	Private Equity Management	88,900
Providence V	Private Equity Management	33,300
Riverstone/Carlisle GE&P IV	Private Equity Management	183,500
Seaport Capital Partners II	Private Equity Management	42,600
Segulah IV, L.P.	Private Equity Management	93,000
SKM Equity Fund III, LP	Private Equity Management	24,900
Sprout	Private Equity Management	1,200
TA X	Private Equity Management	78,900
TAC 2007, L.P.	Private Equity Management	62,500
TCV VII	Private Equity Management	248,800
Thomas Lee VI	Private Equity Management	244,500
TowerBrook Investors III, L.P.	Private Equity Management	141,700
TPG Partners VI, LP	Private Equity Management	651,100
Trident IV, L.P.	Private Equity Management	189,400
Venture Investors	Private Equity Management	56,300
Venture Investors Early Stage Fund IV	Private Equity Management	156,300

Charge Category	Service Provided	Charges
Vista Equity Partners Fund III, L.P.	Private Equity Management	307,600
Warburg Pincus Private Equity IX, L.P.	Private Equity Management	548,200
Warburg Pincus Private Equity X, L.P.	Private Equity Management	562,500
Waterland Private Equity Fund IV, C.V.	Private Equity Management	202,500
Wayzata Opportunities Fund II	Private Equity Management	427,000
Windpoint Partners V LP	Private Equity Management	67,000
Windpoint Partners VI LP	Private Equity Management	2,800
Windpoint Partners VII, LP	Private Equity Management	166,100
Total Private Equity Management**		\$21,373,100

Commingled Account Public Market Management Fees

Barclays Global Investors (BGI)	Quantitative/Enhanced & Index Fund Management	3,283,438
Boston Company, The	Equity Emerging Market Management	2,157,699
Callan Associates Inc.	Fund-of-Funds Small Cap Equity Management	580,793
Capital Guardian Trust Company	Global High Yield Fixed Income Management	483,294
Grantham, Mayo, Van Otterloo	Equity and Fixed Income Emerging Market Management	288,971
LSV Asset Management	Quantitative/Enhanced & Index Fund Management	1,056,574
T. Rowe Price Trust Company	International Emerging Market Management	1,905,827
UBS Global Asset Management	Multi-Asset Management	686,793
Total Commingled Account Public Market Management Fees		\$10,443,389

Separate Account Public Market Management Fees

Aberdeen Asset Management	Global Fixed Income/Emerging Active Management	578,739
Acadian Asset Management	International Equity Active Management	1,252,708
AEW	Real Estate Investment Trusts	73,786
Alliance Bernstein	International Equity Active Management	1,212,757
American Century Investments	International Equity Active Management	486,247
Brandywine Asset Management	Global Fixed Income Active Management	203,217
Bridgewater Associates	Global Fixed Income Active Management	527,324
Dodge & Cox	US Credit/Government Bond Management	16,188
EII Realty Services, Inc.	Real Estate Investment Trusts	184,777
Grantham, Mayo, Van Otterloo	Large Cap Quantitative Management	65,510
Heitman Real Estate Securities, LLC	Real Estate Investment Trusts	68,917
Janus Institutional Asset Management	Large Cap Growth Management	753,006
Loomis, Sayles & Co.	High Yield Fixed Income Active Management	521,100
LSV Asset Management	International Equity Active Management	1,389,926
Mellon Transition Management	Transition Management Service	139,850
Morgan Stanley Asset Management	International Equity Active Management	915,789
Pyramis Global Advisors Trust Company	International Equity Active Management	937,483
RREEF America LLC	Real Estate Investment Trusts	211,872
Standish Mellon Asset Management LLC	Cash Management Service	10,268
Stone Harbor Asset Management	Emerging Market Fixed Income Active Management	489,403
Total Separate Account Public Market Management Fees		\$10,038,868

Total Quarterly Charges to Funds

\$53,132,064

**Fees paid to fund managers are established as a percentage of the capital committed. As assets in a fund are sold, the management fees paid are typically reimbursed from the profits of the fund.*

***Expenses for private equity management fees are estimated and adjusted annually based upon committed capital or assets under management, determined by management contract terms. Total committed capital includes management fees. All capital contributions to the limited partnership must first be returned to the limited partners before any incentive fees are paid to the general partner.*

Explanations of Direct Charges

Custodial & Banking Fees

Wisconsin Certificate of Deposit Program: Under a contract with SWIB, Bankers' Bank administers the program under which the State Investment Fund (SIF) purchases certificates of deposit from Wisconsin-based banks and thrifts. Most administrative costs are paid by the participating banks. SWIB's expenses are \$2,500 per quarter to help underwrite other administrative costs, such as insurance that SWIB requires to be purchased.

BNY Mellon: Provides master custody services (safekeeping of assets, income collection, valuations and accounting) for public and private domestic and foreign securities in the Wisconsin Retirement System (WRS), the SIF and the smaller funds. In addition, SWIB receives performance measurement and analytical services from BNY Mellon Analytical Solutions through its custodial contract with BNY Mellon, which serves as the official book of record for SWIB's accounting and performance measurement functions. BNY Mellon provides the data and analytical tools used by SWIB for compliance and risk management. Fees for these services are established by contract.

US Bank: The State of Wisconsin has contracted with US Bank to be the state's working bank. The fees paid to US Bank by the SIF reflect bank service charges that are not directly applicable to the fund participants. These fees are distributed to the fund participants through the monthly SIF earnings process.

Legal Fees, Services and Expenses

Under authority delegated by the Attorney General, pursuant to s. 25.18 (1) (a) Statutes, SWIB may employ legal counsel for any matters arising out of the scope of its investment authority. This includes legal services relating to bankruptcies, class actions, private markets transactions, fiduciary advice, securities law, investment litigation, and other similar matters. Capitalized fees incurred during the asset acquisition process are reported separately as a charge against the value of the asset. The Attorney General annually reviews and approves a list of law firms to provide investment legal services for SWIB and reviews related legal fees.

Investment Counsel

Current law gives SWIB the authority to employ investment counsel in any matters arising out of the scope of its investment authority. Investment research and services provided include global market, industry, economic and company information, financial and performance analytics, news information, pricing and exchange data, credit ratings, financial modeling, economic forecasting, trading services and a variety of Board consultations. These services enable SWIB to perform due diligence on current and future holdings and assist in monitoring investments.

Real Estate Investment Management Services

SWIB hires real estate advisors to assist with sourcing analysis, due diligence and management of real estate investments. SWIB also invests in funds, typically limited partnerships. Each fund either has a general partner or engages a fund manager with delegated authority to make real estate investments for the fund. Real estate advisory fees are usually based on a percentage of assets under management. Fees paid to fund managers are established as a percentage of the capital committed. As assets in a fund are sold, the management fees paid are typically reimbursed from the profits of the fund.

Private Equity Management Fees

SWIB invests in private equity funds, typically limited partnerships that in turn make individual private equity investments. Each fund is managed by its general partner or fund manager with delegated authority. Fees are established as a percentage of the capital committed to each fund or partnership. As assets in a fund are sold, the management fees are typically reimbursed from the profits of the fund.

Public Market Active Management Fees

Within broad guidelines established by SWIB, these managers have been delegated authority to determine strategy and purchase securities in SWIB's name under a separate and distinct account. This relationship is used primarily in the management of international equity and fixed income investments. Fees are typically assessed as a percentage of the market value of assets under management and may include other factors.

BNY Mellon invests the cash from the externally managed portfolios and internally managed international equity portfolios that have yet to be invested in stocks or bonds. Due to settlement times around the globe, these funds cannot be effectively managed in the State Investment Fund. The fees are negotiated as part of the custodial contract.

Indexed, Enhanced and Commingled Fees

SWIB has investments in a number of externally managed funds that seek to replicate the returns of a particular public market index (such as the Russell 1000) or seek to enhance the return from a particular public market index through the use of quantitative models or other strategies. SWIB's investments are commingled with other investors, and the underlying securities are owned in the name of the fund manager. Fees are typically based on a percentage of assets under management and may include other factors, such as performance.

Asset Specific Charges

Asset specific charges include expenses that are directly associated with the ongoing activity of an asset such as appraisals or bankruptcy costs. Unlike other expenses reflected in this report, these expenses are netted in gross returns of the asset, consistent with standard industry practices.

STATE OF WISCONSIN INVESTMENT BOARD
Report of Asset Specific Charges and Capitalized Legal Fees - Accrual Basis
Quarter Ending September 30, 2009

Charge Category	Service Provided	Charges
Legal Fees, Services and Expenses		
Foley & Lardner	Private Markets Investment Transactions	\$4,305
Reinhart Boerner Van Dueren	Private Markets Investment Transactions	64,003
Robins, Kaplan, Miller & Ciresi L.L.P.	Legal & Accounting Litigation	40,428
Solheim, Billing & Grimmer SC	Private Markets Investment Transactions	4,543
Total Legal Fees, Services and Expenses		\$113,279
Investment Counsel		
Campbell & Riggs Inc.	Securities Litigation	4,874
Total Investment Counsel		\$4,874
Total Asset Specific Charges		<u>\$118,153</u>
Capitalized Legal Fees		
Michael Best & Friedrich	Litigation & Private Markets Investment Transactions	5,658
Reinhart Boerner Van Dueren	Private Markets Investment Transactions	28,408
Solheim, Billing & Grimmer SC	Private Markets Investment Transactions	<u>22,590</u>
Total Capitalized Legal Fees		<u>\$56,655</u>

This table includes expenses that are capitalized at the time of acquisition or directly associated with the ongoing activity of an asset such as appraisals or bankruptcy costs. Unlike other expenses shown in this report, these expenses are reflected in the value of the asset or netted in gross returns of the asset, consistent with standard industry practices.

Wisconsin Retirement System Assets
Internal & External Management

ATTACHMENT D

Wisconsin Retirement System (WRS)		12/31/2008		3/31/2009		6/30/2009		9/30/2009	
		Amount (in millions)	Percent	Amount (in millions)	Percent	Amount (in millions)	Percent	Amount (in millions)	Percent
Internally Managed		\$23,263	37.6%	\$21,866	39.1%	\$25,178	39.8%	\$29,038	40.9%
Externally Managed Dedicated Accounts		11,742	19.0%	9,837	17.6%	11,477	18.1%	13,984	19.7%
Externally Managed Commingled Accounts		26,798	43.4%	24,289	43.4%	26,685	42.1%	27,903	39.3%
1. Passive Index Funds		10,008	16.2%	9,631	17.2%	10,876	17.2%	12,014	16.9%
2. Enhanced Index Commingled Funds		7,886	12.8%	6,745	12.0%	7,039	11.1%	6,188	8.7%
3. Limited Partnerships		6,419	10.4%	5,338	9.5%	5,323	8.4%	5,586	7.9%
4. Actively Managed Commingled Accounts		2,486	4.0%	2,575	4.6%	3,446	5.4%	4,116	5.8%
TOTAL WRS Assets		\$61,803	100.0%	\$55,991	100.0%	\$63,340	100.0%	\$70,925	100.0%

